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June 9, 2003

BY MESSENGER

William J. Keese
Chairman and Presiding Member
California Energy Commission
1516 9th Street, MS-9
Sacramento, CA 95814-5512

01-AFC-4
CALIF ENERGY COMMISSION

JUN 09 2003
RECEIVED IN DOCKETS

Re: Response to Comments by Mountain House Community Services District
Regarding Revised Presiding Member's Proposed Decision

Dear Chairman Keese:

This letter is written on behalf of the Byron Bethany Irrigation District ("BBID" or "District") in response to comments made by the Mountain House Community Services District ("MHCSO") regarding the Revised Presiding Member's Proposed Decision. As an initial matter, BBID is befuddled by the surprising confrontational tone of the letter from MHCSO. As the supplier of raw surface water to MHCSO for the Mountain House Community, BBID has and expects to continue a long, cordial, working relationship with MHCSO. Furthermore, BBID has always viewed MHCSO as an important partner in an effective recycled water program. Thus, BBID can only assume that there has been a misunderstanding regarding its testimony to the CEC in the matter of providing recycled water to the East Altamont Energy Center ("EAEC"). In an effort to clarify, BBID offers the following remarks:

BBID has consistently testified throughout this proceeding that it intends to pursue the integration of recycled water into its water supply. BBID acknowledges that the use of recycled water will increase the flexibility and long-term reliability of its existing water supplies.

To that end, BBID initiated a Recycled Water Feasibility Study to determine the feasibility of incorporating recycled water into its overall water resource mix. The Recycled Water Feasibility Study recommended that the District pursue the development of recycled water with MHCSO being the most feasible source.

Based on the Recycled Water Feasibility Study, the Board of Directors for BBID adopted a Recycled Water Policy. The District's Recycled Water Policy expressly contemplates that BBID will negotiate the purchase of recycled water from developments

such as MHCSD for resale. Furthermore, BBID's policy commits the District to undertake cooperative planning studies with producers of recycled water to determine options that will further the effective use of recycled water.

With direction from its Board of Directors, the staff of BBID has taken preliminary steps to effectuate the District's policy on recycled water. BBID testified that it has entered into a Memorandum of Understanding with the East Altamont Energy Center for the provision of recycled water to the EAEC. BBID further testified that it has met with staff of MHCSD regarding the initiation of negotiations for the sale of recycled water to BBID at a competitive price and under terms and conditions acceptable to both public agencies. BBID submitted into evidence a letter from MHCSD, dated June 20, 2002, that supports BBID's testimony that recycled water would be provided to EAEC by BBID after negotiation of an agreement between BBID and MHCSD.

The Presiding Member's Proposed Decision is consistent with the evidence in the record. BBID specifically provided testimony that: (1) once the EAEC is licensed, BBID will negotiate with MHCSD; (2) MHCSD is solely in control and responsible for the discharge and recycling of water within the community; and (3) in order to provide recycled water to an industry within BBID's service area to an area outside the boundaries of MHCSD, an agreement between BBID and MHCSD will be required. (Revised PMPD at p. 283.)

Notwithstanding MHCSD's statements to the contrary, the Presiding Member's proposed findings are fully supported by the evidence in the record and should not be further modified. Moreover, BBID urges the adoption of the proposed decision so that the public agencies responsible for water service (i.e., BBID and MHCSD) can cooperatively discharge their statutory duties without the undue influence from various parties to these proceedings.

Very truly yours,

A handwritten signature in black ink, appearing to read "Sandra K. Dunn", followed by a stylized flourish or initials "sb".

Sandra K. Dunn
Attorney

SKD:sb

Encl. (Proof of Service)